

Exhibit F

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE: CATHODE RAY TUBE (CRT))
ANTITRUST LITIGATION)
)
)
_____))
) No. 07-5944 SC
) MDL No. 1917
This Document Relates to:)
)
ALL ACTIONS)
)
_____))

VIDEOTAPED 30(B)(6) DEPOSITION UPON ORAL EXAMINATION
OF

COSTCO WHOLESALE CORPORATION
GEOFFREY SHAVEY

9:04 A.M.

DECEMBER 7, 2012

1209 THIRD AVENUE, SUITE 4800

SEATTLE, WASHINGTON

REPORTED BY: JULIE R. HEAD, CRR, RPR, CCR No. 3119

11:48 1 the cost of -- of the goods that it purchases?

11:48 2 MR. WEISS: Objection. Vague.

11:48 3 THE WITNESS: What do you mean by that?

11:48 4 Q. (BY MR. EMANUELSON:) Okay. Let's start
11:48 5 with -- if -- If a cost of a television were to go up,
11:48 6 how does Costco decide how to price that product?

11:48 7 A. Well, you mean -- it depends on the percent
11:48 8 increase. Is it something that -- First of all, is it
11:48 9 something we agree to, is there a basis for it. Second
11:48 10 of all, is it modest, where it's, you know, one percent
11:48 11 where we can still adhere to our pricing or is it to the
11:48 12 magnitude of where a retail price adjustment is
11:48 13 necessary. So, again, everything's looked at on a
11:48 14 case-by-case basis. There's no general rule.

11:48 15 Q. So, the first thing you say, is it a cost that
11:49 16 we could agree to. Your -- Are you referring to the
11:49 17 manufacturer tries to sell at a higher price and Costco,
11:49 18 through negotiation, will resist that increase?

11:49 19 A. Yeah. I mean, with any negotiation -- or any
11:49 20 conversation with a manufacturer, it's a negotiation.
11:49 21 So, if they're going to come to us with a raised cost,
11:49 22 we'd want to know what are the drivers of that. I mean,
11:49 23 it's different if you're talking about commodity
11:49 24 products where you can see that the price of cotton is
11:49 25 going up or something like that, but if it's a

11:52 1 You mentioned that one factor of how -- of
11:52 2 whether cost -- of Costco's pricing response would be
11:52 3 the magnitude of the cost increase; is that right?

11:52 4 A. Yes.

11:52 5 Q. And can you give -- give me an idea of a
11:52 6 typical magnitude where it would be -- You mentioned one
11:52 7 percent. I mean, what -- what would the magnitude -- a
11:52 8 higher magnitude be that --

11:52 9 MR. WEISS: Objection.

11:52 10 Q. (BY MR. EMANUELSON:) -- would affect Costco's
11:52 11 decisions?

11:52 12 MR. WEISS: Objection. Vague.

11:52 13 MR. GRALEWSKI: Join.

11:52 14 THE WITNESS: If you're selling something for
11:52 15 \$300 and you're making ten percent and you have a one
11:52 16 percent cost increase and let's say I'm at 299, I'm not
11:52 17 going to go up in price. If I am making five percent on
11:52 18 an item and the cost increase is six percent, there's a
11:52 19 problem. I can't sustain that retail price.

11:53 20 Q. (BY MR. EMANUELSON:) And what -- what other
11:53 21 factors would affect Costco's ability to -- to increase
11:53 22 prices in response to cost changes, besides the
11:53 23 magnitude of the increase?

11:53 24 MR. GRALEWSKI: Object to the form. Lacks
11:53 25 foundation.

11:53 1 THE WITNESS: Can you state that again?

11:53 2 Q. (BY MR. EMANUELSON:) Sure.

11:53 3 You said that -- whether Costco could increase
11:53 4 prices in response to cost changes varies on a
11:53 5 case-by-case basis, right?

11:53 6 A. Um-hum.

11:53 7 Q. So, what other factors besides magnitude?

11:53 8 MR. GRALEWSKI: Object to the form. Lacks
11:53 9 foundation.

11:53 10 THE WITNESS: It is -- Is the competition
11:53 11 reflected a price change or are you seeing, you know,
11:53 12 pricing going up in the market? If competition hasn't
11:53 13 changed price, that's going to limit my flexibility to
11:53 14 change price, also, because the -- again, the premise of
11:53 15 us carrying an item is offering value to our member.
11:53 16 So, you have to look at the market conditions, too,
11:53 17 which your competitors are doing.

11:53 18 Q. (BY MR. EMANUELSON:) Is the demand -- Would
11:54 19 the demand for the product also be an element of the
11:54 20 market conditions?

11:54 21 A. Yeah, I mean, that's -- that's a factor.

11:54 22 MR. EMANUELSON: So, I'd like to mark a
11:54 23 document.

24 (Deposition Exhibit 611 was marked for
25 identification.)